

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3490 - SB 3456

February 9, 2010

SUMMARY OF BILL: Deletes provision where a retired member of the Tennessee Consolidated Retirement System (TCRS) can return to temporary service if such person does not work more than 120 days in a twelve-month period; or if a teacher at a institution of higher education, 24 quarter credit hours or 18 semester credit hours. Adds new provision where a retired member of the TCRS can return to temporary service if such person does not earn a salary greater than 60 percent of their pre-retirement income.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$416,300/Annual Amortized Cost

Increase Federal Expenditures - \$56,200/Annual Amortized Cost

Increase Local Expenditures - \$165,000/Annual Amortized Cost*

Assumptions:

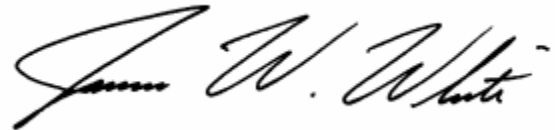
- One hundred retirees take advantage of proposed bill.
- Total lump sum pension liability is estimated to be \$6,498,500 (\$2,293,600 for state employees; \$4,204,900 for teachers).
- Annual amortization cost (\$637,500) assumes a 20-year lump sum liability (\$225,000 for state employees; \$412,500 for teachers).
- K-12 teachers reflect a 60 percent – 40 percent ratio between state and local funding.
- Funding ratio for state employee cost is 75 percent state and 25 percent federal.
- The increase to state expenditures is estimated to be \$416,300 per year $[(\$225,000 \times 75.0\%) + (\$412,500 \times 60.0\%) = \$416,250]$.
- The increase to federal expenditures is estimated to be \$56,200 per year $(\$225,000 \times 25.0\% = \$56,250)$.

- The increase to local government expenditures is estimated to be \$165,000 per year (\$412,500 x 40.0% = \$165,000).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc